

# **CITY OF BRUNSWICK, MARYLAND**

**FINANCIAL STATEMENTS AND REPORTS  
OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED JUNE 30, 2009**



**DRAPER & MCGINLEY, P.A.**

**CERTIFIED PUBLIC ACCOUNTANTS • FINANCIAL CONSULTANTS  
FREDERICK, MARYLAND**

# **CITY OF BRUNSWICK, MARYLAND**

## **SUMMARY OF ELECTED AND APPOINTED OFFICIALS JUNE 30, 2009**

### **MAYOR**

Carroll A. Jones

### **CITY COUNCIL**

Karin Tome  
Mary Bowie  
Beth Johnson

Jeremy Biser  
Thomas Smith  
Walt Stull

CITY ADMINISTRATOR

David B. Dunn

CITY AUDITOR

Draper & McGinley, P.A.

CITY ENGINEER

Chester Engineering

CITY ATTORNEY

Severn, O'Connor & Kresslein P.A.

CHIEF OF POLICE

Milton Frech



## Draper & McGinley, P.A.

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AND FINANCIAL CONSULTANTS

James A. Draper, CPA  
Michael A. McGinley, CPA  
Joyce A. Draper, CPA  
Catharine V. Fairley, CPA, PFS, CFP  
Michele R. Mills, CPA

Frederick: (301) 694-7411  
Frederick Fax: (301) 694-0954  
Hagerstown: (301) 797-2202  
Hagerstown Fax: (301) 797-6437  
[www.drapermcginleypa.com](http://www.drapermcginleypa.com)

Mayor and Council  
City of Brunswick, Maryland  
1 West Potomac Street  
Brunswick, MD 21716

Dear Mayor and Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Brunswick, Maryland for the year ended June 30, 2009, and have issued our report thereon dated October 16, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 22, 2009. Professional standards also require that we provide you with the following information related to our audit.

### **SIGNIFICANT AUDIT FINDINGS**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Brunswick, Maryland are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of fixed assets is an estimate that is particularly sensitive. We evaluated the estimated useful lives of the various classes of assets and they appear reasonable.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The City's deposits were fully collateralized as of June 30, 2009.

Deferred revenue in the governmental funds amounted to \$67,141 and \$10,434,578 in the proprietary funds as of June 30, 2009.

Capital asset activity within the governmental activities included: \$97,161 in asset additions; current year construction in progress costs of \$667,409 and \$736,297 of construction in progress which was completed and placed in service and \$192,088 of depreciation expense.

Capital asset activity within the business-type activities included: \$73,192 of asset additions, current year construction in progress costs of \$3,630,356 and \$581,123 of construction in progress which was completed and placed in service and \$449,739 of depreciation expense of which \$186,806 is attributable to the water fund and \$262,933 is for the sewer fund.

Outstanding debt (government-wide) as of June 30, 2009 was \$3,203,613 of which the current portion is \$302,188.

The property tax rate was \$.422 per \$100 of assessed value and the total assessable base as of June 30, 2009 was \$439,623,945.

### **Difficulties Encountered Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated October 16, 2009.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Mayor and Council and management of the City of Brunswick, Maryland and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Drapew & McGinley PA*

# CITY OF BRUNSWICK, MARYLAND

## FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

FOR THE YEAR ENDED JUNE 30, 2009

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www.drapermcginleypa.com

### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Mayor and Council of the  
City of Brunswick, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Brunswick, Maryland, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Brunswick, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Brunswick, Maryland, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 35 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

October 16, 2009

*Draper & McGinley, P.A.*



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor and Council of the  
City of Brunswick, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Brunswick, Maryland, as of and for the year ended June 30, 2009, which collectively comprise the City of Brunswick, Maryland's basic financial statements and have issued our report thereon dated October 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Brunswick, Maryland's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Brunswick, Maryland's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Brunswick, Maryland's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Brunswick, Maryland's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Brunswick, Maryland's financial statements that is more than inconsequential will not be prevented or detected by the City of Brunswick, Maryland's internal control.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Brunswick, Maryland's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Brunswick, Maryland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Mayor and Council and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

October 16, 2009

Drew McGinley, PA.

## **Management's Discussion and Analysis**

As management of the City of Brunswick, we offer readers of the City of Brunswick's financial statements this narrative overview and analysis of the financial activities of the City of Brunswick for the fiscal year ended June 30, 2009.

### **Financial Highlights**

- The City's government-wide net assets increased by \$939,912 for a net total of \$19,500,323 in fiscal year 2009 as compared to an increase of \$6,135,873 in fiscal year 2008.
- The assets of the City of Brunswick exceeded its liabilities by \$19,500,323. This total is based on \$15,186,700 in total liabilities deducted from \$34,687,023 in total net assets. Total liabilities included \$10,348,334 in Developer Deferred Revenue generated by pre-paid tap fees by Brunswick Crossing which will fund infrastructure improvements. This developer liability will begin to decrease FY 2010 as taps are issued.
- Total FY 2009 General Fund budgeted vs. actual revenues indicates a negative variance of \$17,660. This is primary due to deficit revenues in Property Taxes of \$8,565 and Service Charges of \$14,894, offset by positive revenue of Income Taxes of \$6,709 and \$6,390 in miscellaneous revenues.
- Budgeted General Fund expenditures relative to actual indicate a positive variance of \$203,491. This was due primarily to adopted budget cuts.
- Governmental funds (General, Special Revenue, and Capital Projects Funds) reported combined ending fund balances of \$1,262,644 of which \$572,916 is reserved for Capital Projects. This is up from \$439,889 in FY 2008, an increase of \$133,027.
- The Water and Sewer Funds reported operating income of \$47,740. This includes depreciation costs of \$449,739.
- Water and Sewer service charges billed for FY 2009 were \$1,038,370 and \$969,389 respectively, for a total of \$2,007,759.
- The City's total Enterprise long-term debt was \$2,979,485. The City is exploring restructuring of several Enterprise loans allowing savings in FY2010, 2011, and 2012.
- The Governmental Activities long-term debt was \$224,128, down from \$253,982 in FY 2008. This was attributed to the debt service for Public Works and Police Department vehicles.
- The City has recorded \$10,434,578 in deferred revenue in the Water and Sewer Enterprise Funds, up from \$7,995,399 in FY 2008. The developer amount of \$10,348,334 represents tap fee credits attributed to Brunswick Crossing that are being utilized to finance the debt service of the associated infrastructure improvements.

## Grant Highlights

The following is a summary of the more significant grants that were awarded, received, applied for, or active during FY 2009.

- Congressional State and Tribal Infrastructure Grant (STAG) - A grant of \$250,000 was awarded for sewer rehabilitation to reduce inflow & infiltration. The search continued for a grant for the required \$196,860 match. An application was submitted to the Maryland Department of the Environment the last three years for the match with negative results. Project commencement is scheduled FY 2010 utilizing Sewer Fund reserves for the match.
- A grant of \$37,500 for playground equipment was received from Program Open Space (POS) for the Sport's Complex. As this scope has encountered obstacles with Maryland Department of the Environment the monies will be reprogrammed for other improvements to the Complex. Anticipated completion in FY 2010.
- FY 2008 Homeland Security Law Enforcement Terrorism Prevention Program (LETPP) Grant - The City applied for \$83,346 for the installation of surveillance cameras at the City's water and wastewater facilities. Award and installation expected in FY 2010.
- FY 2009 Maryland Department of Natural Resources, Waterway Improvement Program Grant - The City received an award for \$99,000 for Boat Ramp handicap improvements at the City's Campground. This project will begin in FY 2010.
- A FY 2004 grant from POS for West End Park development totaling \$110,083. This park was developed during FY 09, project will commence in FY 10.
- A FY 2005 grant from POS for West End Park development totaling \$34,855. This park was developed during FY 09, project will commence in FY 10.
- A FY 2008 POS grant for \$37,500 to replace fencing and decking at municipal pool. Work began in FY 09 and will continue in FY 10.
- A FY 2009 grant from Frederick County's Forest Resource Ordinance for \$41,508 to plant trees throughout the City.
- A FY 2009 grant from Community Legacy for \$75,000 to replace retaining wall at Railroad Square Landing.
- A FY 2009 grant from Community Parks & Playgrounds for \$53,955 to provide safety upgrades and mulch and borders to parks throughout the City.

## Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Brunswick's basic financial statements. The City of Brunswick's basic financial statements comprise three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Brunswick's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Brunswick's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Brunswick is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Brunswick that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through use fees and charges (business-type activities). The governmental activities of the City of Brunswick include general government, public safety, highways and streets, sanitation, economic development, and recreation. The business-type activities of the City of Brunswick are water treatment and waste water treatment operations.

The government-wide financial statements include primary government, which includes governmental (General, Special Revenue and Capital Projects), and business-type (Enterprise) activities.

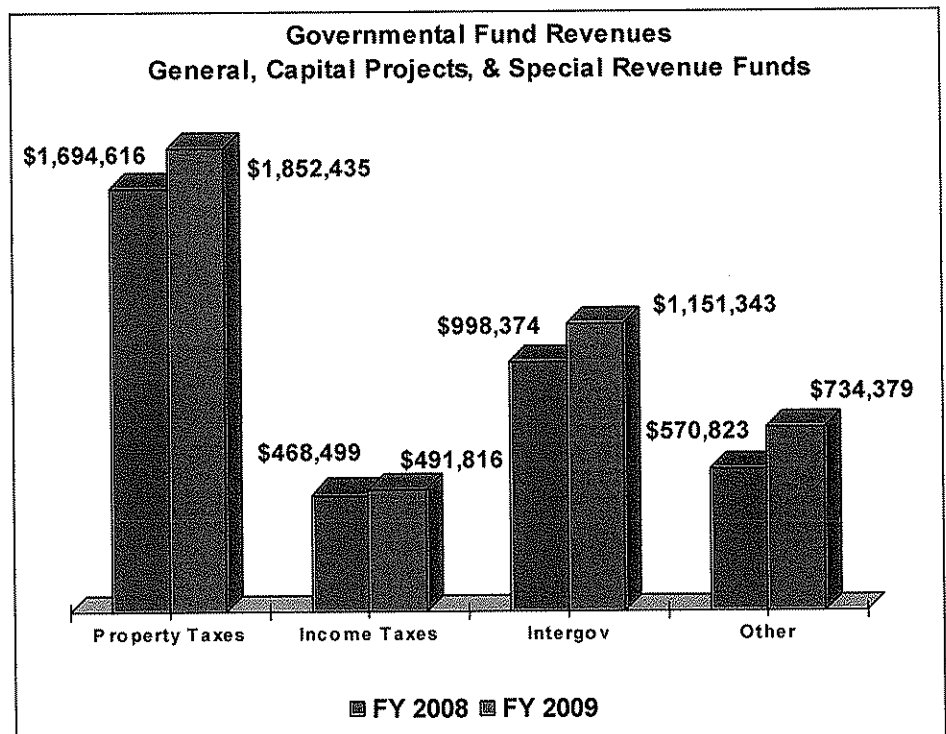
Total government-wide net assets were \$19,500,323 as of June 30, 2009. This comprises of \$4,248,222 in Governmental Activities (General Fund, Special Revenue, and Capital Project Fund) net assets as well as \$15,252,101 in Business-Type Activities (Enterprise) net assets.

Governmental-activities (General, Special Revenue, and Capital Project Fund) debt as of June 30, 2009 was \$224,128, while Enterprise Debt totaled \$2,979,485.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brunswick, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories; governmental and proprietary funds.

**Governmental funds** -

These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



Because the focus of governmental funds is narrower than government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Brunswick adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget on pages 35 – 37.

**Proprietary funds** - The City of Brunswick maintains two different types of proprietary funds. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements. The City uses Enterprise funds to account for its water treatment and wastewater treatment operations.

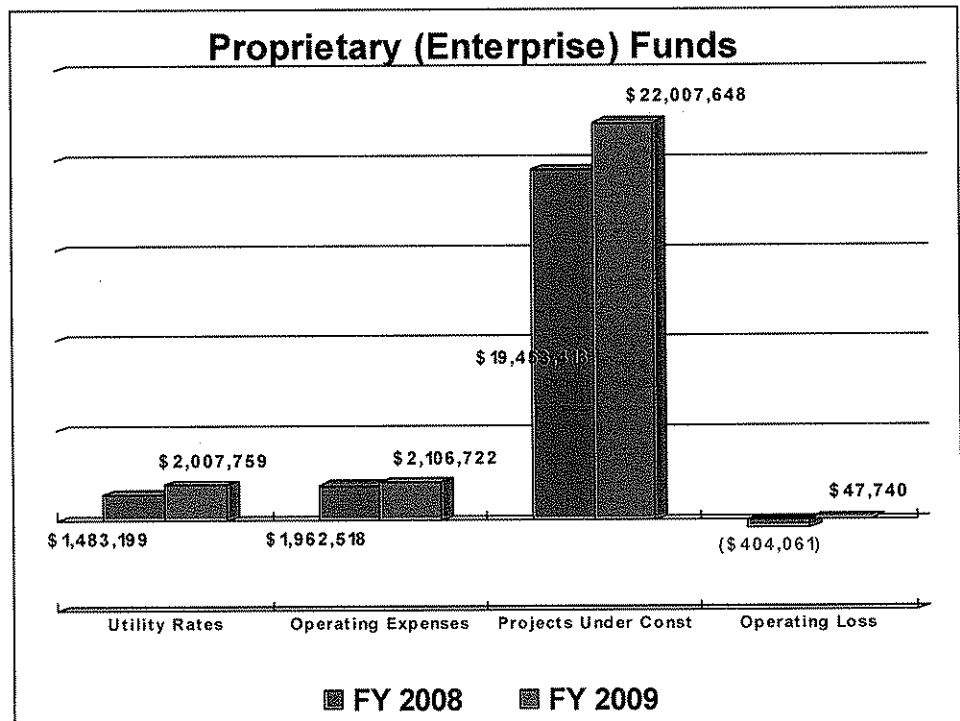
Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water treatment and wastewater treatment operations. Both are considered to be major funds of the City of Brunswick. Conversely, both service funds are combined into a

single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal funds is provided in the form of combining statements elsewhere in this report.

**Propriety Enterprise Funds** - Service Charges increased by \$524,560 due to Water and Sewer rate increases. Operating Expense is calculated using personnel, operating, and depreciation costs and without considering budgeted reserve use.

Projects under construction pertain primarily the Special Tax District funded infrastructure projects. With the exception of the Water Treatment Plant upgrade these should be completed in FY 2010.

The Operating Loss is a combined total for Water Fund of \$93,458 and Sewer Fund of (\$45,718).



Total Enterprise Fund debt as of June 30, 2009 was \$2,979,485. Total payments on long-term debt obligations were \$247,374 in principal payments and \$133,741 for interest.

### Budget Variances

In reviewing the final budget amounts to the actual revenues for fiscal year 2009, there were a few minor variances. Local Property Taxes and Service Charges showed deficits of (\$8,565) and (\$14,894) respectfully while Income Tax benefitted from a \$6,709 budgeted surplus. Overall, the City had a negative variance in revenues from the final budget of \$17,660.

The total General Fund Budget to Actual expenditures reflects a \$203,491 surplus. Actual expenditures for the police department were significantly less than budgeted due to a vacant position as well as a 5% cut across the departments and vehicle fuel costs being less than expected.

### Fiscal Year 2010

No significant changes are anticipated in the fiscal year 2010. General Fund will experience a transfer to Capital Projects Fund of \$244,213. City Property Real Estate Tax rates were held constant at \$.422 per \$100 of assessed value. The City is bracing for reductions in property assessments in FY 2011 which could result in significantly lower revenues.

The Water and Sewer rates were held constant Fiscal Year 2010.

**Request for more information:**

This financial report is designed to provide a general overview of the City of Brunswick's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Administrator, One West Potomac Street, Brunswick, Maryland 21716.

# CITY OF BRUNSWICK, MARYLAND

## STATEMENT OF NET ASSETS

JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,237,952	\$ 164,953	\$ 1,402,905
Restricted cash	333,251	72,398	405,649
Taxes receivable	10,099	-	10,099
Accounts receivable, net of allowance	66,077	455,530	521,607
Other receivables	12,225	358,576	370,801
Other assets	400	6,776	7,176
Due from other governmental agencies	242,160	23,256	265,416
Projects under construction	283,300	22,007,648	22,290,948
Capital assets	4,532,082	13,670,031	18,202,113
Less: Accumulated Depreciation	(1,519,222)	(7,327,293)	(8,846,515)
Property and Equipment, Net	3,296,160	28,350,386	31,646,546
Bond issuance costs	-	56,824	56,824
<b>Total Assets</b>	<b>\$ 5,198,324</b>	<b>\$ 29,488,699</b>	<b>\$ 34,687,023</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 206,549	\$ 623,255	\$ 829,804
Overdraft	-	70,639	70,639
Interest payable	-	21,832	21,832
Accrued liabilities	35,225	-	35,225
Compensated absences	86,454	34,411	120,865
Escrow deposits	293,459	72,398	365,857
Other liabilities	37,146	-	37,146
Deferred revenue			
Other	7,117	1,123	8,240
Grant funds - loans	60,024	-	60,024
Developers	-	10,348,334	10,348,334
Connection charges	-	85,121	85,121
Bond and loans payable:			
Due within one year	54,814	247,374	302,188
Due in more than one year	169,314	2,732,111	2,901,425
<b>Total Liabilities</b>	<b>950,102</b>	<b>14,236,598</b>	<b>15,186,700</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	3,072,032	25,370,901	28,442,933
Unrestricted	1,176,190	(10,118,800)	(8,942,610)
<b>Total Net Assets</b>	<b>\$ 4,248,222</b>	<b>\$ 15,252,101</b>	<b>\$ 19,500,323</b>

The accompanying notes are an integral part of this statement.



**CITY OF BRUNSWICK, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Net (Expense) Revenue and Changes in Net Assets								
Functions/Programs	Expenses	Charges for Services	Assets					
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities								
General government	\$ (832,487)	\$ 68,643	\$ 16,709	\$ 17,500	\$ (729,635)	\$ -	\$ (729,635)	
Public safety	(768,062)	-	54,875	-	(713,187)	-	(713,187)	
Public works	(1,359,928)	220,468	286,824	50,000	(802,636)	-	(802,636)	
Recreation and culture	(290,352)	95,746	17,003	234,123	56,520	-	56,520	
Economic development	(21,666)	-	-	-	(21,666)	-	(21,666)	
Interest expense	(7,490)	-	-	-	(7,490)	-	(7,490)	
Total governmental activities	(3,279,985)	384,857	375,411	301,623	(2,218,094)	-	(2,218,094)	
<b>Business-type activities</b>								
Water services	(1,059,014)	1,084,315	-	-	-	25,301	25,301	
Sewer services	(1,181,449)	1,070,147	-	28,208	-	(83,094)	(83,094)	
Total primary government	\$ (5,520,448)	\$ 2,539,319	\$ 375,411	\$ 329,831	(2,218,094)	(57,793)	(2,275,887)	
<b>General Revenues</b>								
Taxes								
Property taxes, levied for general purposes					1,852,435	-	1,852,435	
Income taxes					491,816	-	491,816	
Other local taxes					35,715	-	35,715	
County tax equity					491,313	-	491,313	
Income on investments					16,323	2,327	18,650	
Administrative fees					-	45,388	45,388	
Miscellaneous income					280,482	-	280,482	
Total general revenues					3,168,084	47,715	3,215,799	
Change in net assets					949,990	(10,078)	939,912	
Net assets - beginning of year					3,298,232	15,262,179	18,560,411	
Net assets - end of year					\$ 4,248,222	\$ 15,252,101	\$ 19,500,323	

The accompanying notes are an integral part of this statement.

# CITY OF BRUNSWICK, MARYLAND

## BALANCE SHEET

### GOVERNMENTAL FUNDS

JUNE 30, 2009

	Governmental Fund Types			Total Governmental Funds
	General	Capital Projects	Special Revenue (non-major)	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,177,928	\$ -	\$ 60,024	\$ 1,237,952
Restricted cash	333,251	-	-	333,251
Receivables				
Taxes	10,099	-	-	10,099
Customers	66,077	-	-	66,077
Other governments	100,511	141,649	-	242,160
Other	1,602	10,623	-	12,225
Prepaid expenses	400	-	-	400
Due from other funds	-	503,661	-	503,661
<b>Total Assets</b>	<b>\$ 1,689,868</b>	<b>\$ 655,933</b>	<b>\$ 60,024</b>	<b>\$ 2,405,825</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 128,002	\$ 78,547	\$ -	\$ 206,549
Accrued liabilities	35,225	-	-	35,225
Deferred revenue				
Grant funds - loans	-	-	60,024	60,024
Other deferred revenue	2,647	4,470	-	7,117
Escrow deposits	293,459	-	-	293,459
Other liabilities	37,146	-	-	37,146
Due to other funds	503,661	-	-	503,661
<b>Total Liabilities</b>	<b>1,000,140</b>	<b>83,017</b>	<b>60,024</b>	<b>1,143,181</b>
<b>Fund Balances:</b>				
Reserved for:				
Capital projects	-	572,916	-	572,916
Prepaid expenses	400	-	-	400
Unreserved	689,328	-	-	689,328
<b>Total Fund Balances</b>	<b>689,728</b>	<b>572,916</b>	<b>-</b>	<b>1,262,644</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,689,868</b>	<b>\$ 655,933</b>	<b>\$ 60,024</b>	<b>\$ 2,405,825</b>

The accompanying notes are an integral part of this statement.

**CITY OF BRUNSWICK, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General	Capital Projects	Special Revenue (non-major fund)	Total Governmental Funds
<b>Revenues</b>				
Local property taxes	\$1,852,435	\$ -	\$ -	\$ 1,852,435
Local income taxes	491,816	-	-	491,816
Other local taxes	35,715	-	-	35,715
Licenses and permits	47,599	-	-	47,599
Intergovernmental revenues	849,721	284,122	17,500	1,151,343
Service charges	315,262	-	-	315,262
Fines and forfeitures	12,755	-	-	12,755
Miscellaneous	197,873	125,176	-	323,049
Total Revenues	<u>3,803,176</u>	<u>409,298</u>	<u>17,500</u>	<u>4,229,974</u>
<b>Expenditures</b>				
General government	808,322	-	-	808,322
Public safety	765,793	-	-	765,793
Public works	1,307,547	373,066	-	1,680,613
Recreation and culture	254,169	323,738	-	577,907
Economic development	4,166	-	17,500	21,666
Debt service	104,519	-	-	104,519
Miscellaneous	19,466	-	-	19,466
Total Expenditures	<u>3,263,982</u>	<u>696,804</u>	<u>17,500</u>	<u>3,978,286</u>
Excess (Deficiency) of				
Revenues over Expenditures	539,194	(287,506)	-	251,688
<b>Other Financing Sources (Uses)</b>				
Loan proceeds	67,175	-	-	67,175
Operating transfers	(420,533)	420,533	-	-
Total Other Financing Sources (Uses)	<u>(353,358)</u>	<u>420,533</u>	<u>-</u>	<u>67,175</u>
<b>Excess of Revenues and Other Financing Sources</b>				
<b>over Expenditures and Other Uses</b>	185,836	133,027	-	318,863
Fund Balance July 1, 2008	<u>503,892</u>	<u>439,889</u>	<u>-</u>	
<b>Fund Balance June 30, 2009</b>	<u>\$ 689,728</u>	<u>\$572,916</u>	<u>\$ -</u>	
<b>Adjustments for the Statement of Activities</b>				
Debt service expenditures				97,029
Loan proceeds				(67,175)
Depreciation expense				(192,089)
Capital outlay				717,414
Donated assets				47,157
Compensated absences				28,791
Change in Net Assets of Governmental Activities				<u>\$ 949,990</u>

The accompanying notes are an integral part of this statement.

# CITY OF BRUNSWICK, MARYLAND

## RECONCILIATION OF FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES JUNE 30, 2009

Fund balances - governmental funds \$ 1,262,644

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, therefore are not reported in the funds

Property and equipment, net 3,296,160

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds

Long-term debt (224,128)  
Compensated absences (86,454)

Net assets - governmental activities \$ 4,248,222

The accompanying notes are an integral part of this statement.

**CITY OF BRUNSWICK, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 0	\$ 164,953	\$ 164,953
Restricted cash	29,874	42,524	72,398
Accounts receivable - customers	241,469	214,061	455,530
Other receivables	109,359	249,217	358,576
Other assets	6,776	-	6,776
Due from other funds	-	1,050,218	1,050,218
Due from other governmental agencies	-	23,256	23,256
Total Current Assets	387,478	1,744,229	2,131,707
Non-current Assets			
Projects under construction	5,898,520	16,109,128	22,007,648
Capital assets	5,855,221	7,814,810	13,670,031
Accumulated depreciation	(3,258,617)	(4,068,676)	(7,327,293)
Capital assets, net	8,495,124	19,855,262	28,350,386
Bond issuance costs, net	56,824	-	56,824
Total Non-current Assets	8,551,948	19,855,262	28,407,210
Total Assets	\$ 8,939,426	\$ 21,599,491	\$ 30,538,917
<b>Liabilities and Net Assets</b>			
Current Liabilities			
Current portion of bonds and loans payable	\$ 114,967	\$ 132,407	\$ 247,374
Accounts payable	328,082	295,173	623,255
Overdraft	70,639	-	70,639
Interest payable	7,629	14,203	21,832
Compensated absences	11,174	23,237	34,411
Escrow deposits	29,874	42,524	72,398
Due to other funds	1,050,218	-	1,050,218
Deferred revenue - connection charges	37,648	47,473	85,121
Total Current Liabilities	1,650,231	555,017	2,205,248
Non-current Liabilities			
Deferred revenue - developers	4,584,312	5,764,022	10,348,334
Deferred revenue - other	449	674	1,123
Bonds and loans payable	1,390,129	1,341,982	2,732,111
Total Non-current Liabilities	5,974,890	7,106,678	13,081,568
Total Liabilities	7,625,121	7,661,695	15,286,816
Net Assets			
Invested in capital assets, net of related debt	6,990,028	18,380,873	25,370,901
Unrestricted	(5,675,723)	(4,443,077)	(10,118,800)
Total Net Assets	\$ 1,314,305	\$ 13,937,796	\$ 15,252,101

The accompanying notes are an integral part of this statement.

**CITY OF BRUNSWICK, MARYLAND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
<b>Operating Revenues</b>			
Charges for services	\$1,038,370	\$ 969,389	\$ 2,007,759
Reimbursements from developers	39,327	94,674	134,001
Miscellaneous	6,618	6,084	12,702
Total Operating Revenues	1,084,315	1,070,147	2,154,462
<b>Operating Expenses</b>			
Personnel services	478,920	406,486	885,406
Operating	325,131	446,446	771,577
Depreciation	186,806	262,933	449,739
Total Operating Expenses	990,857	1,115,865	2,106,722
<b>Operating Income (Loss)</b>	93,458	(45,718)	47,740
<b>Non-operating Revenues (Expenses)</b>			
Administrative fees	22,694	22,694	45,388
Interest on invested funds	132	2,195	2,327
Interest expense	(68,157)	(65,584)	(133,741)
Total Non-operating Expenses	(45,331)	(40,695)	(86,026)
<b>Net income (loss) before contributions and transfers</b>	48,127	(86,413)	(38,286)
Capital grants	-	28,208	28,208
Total capital contributions and grants	-	28,208	28,208
<b>Change in net assets</b>	48,127	(58,205)	(10,078)
Total Net Assets, beginning of year	1,266,178	13,996,001	15,262,179
<b>Total Net Assets, end of year</b>	<u>\$1,314,305</u>	<u>\$13,937,796</u>	<u>\$15,252,101</u>

The accompanying notes are an integral part of this statement.

**CITY OF BRUNSWICK, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Cash received from customers and users	\$ 944,652	\$ 912,989	\$ 1,857,641
Cash received (due) from other governments	-	(11,473)	(11,473)
Cash received from developers	7,375	30,606	37,981
Other cash receipts	488	3,677	4,165
Cash payments to suppliers	(355,873)	(476,819)	(832,692)
Cash payments to employees for services	(471,080)	(414,134)	(885,213)
Net cash provided by operating activities	<u>125,564</u>	<u>44,845</u>	<u>170,409</u>
<b>Cash flows from capital and related financing activities</b>			
Purchase of capital assets	(15,215)	(57,975)	(73,190)
Acquisition and construction of capital assets - current year	(313,268)	(2,178)	(315,446)
Cash received from special tax district	2,326,480	633,158	2,959,638
Cash payments from special tax district	(2,229,827)	(731,874)	(2,961,701)
Other capital activity	-	(15,529)	(15,529)
Grants received	22,218	158,083	180,301
Proceeds from long-term borrowings	1,254,027	25,825	1,279,852
Debt issuance costs	(53,482)	-	(53,482)
Principal paid on capital debt	(1,204,657)	(119,736)	(1,324,393)
Interest paid on capital debt	(70,490)	(66,540)	(137,030)
Net cash used in capital and related financing activities	<u>(284,214)</u>	<u>(176,766)</u>	<u>(460,980)</u>
<b>Cash flows from investing activities</b>			
Investment income	<u>132</u>	<u>2,195</u>	<u>2,327</u>
Net cash provided by investing activities	<u>132</u>	<u>2,195</u>	<u>2,327</u>
Net decrease in cash and cash equivalents	(158,518)	(129,726)	(288,244)
Cash and cash equivalents, beginning of year	<u>117,753</u>	<u>337,202</u>	<u>454,955</u>
Cash and cash equivalents, end of year	<u>\$ (40,765)</u>	<u>\$ 207,477</u>	<u>\$ 166,712</u>

The accompanying notes are an integral part of this statement.

**CITY OF BRUNSWICK, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 93,459	\$ (45,716)	\$ 47,743
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	186,806	262,933	449,739
Donated assets	(36,531)	(91,833)	(128,364)
Net change in operating assets and liabilities			
Accounts receivable - customers	(54,823)	(53,120)	(107,943)
Accounts receivable - other	4,579	16,292	20,871
Other assets	741	-	741
Accounts payable	(31,482)	(30,373)	(61,855)
Compensated absences	1,711	(10,056)	(8,345)
Deferred revenue - developer	(38,896)	(3,281)	(42,177)
Net cash provided by (used in) operating activities	<u>\$ 125,564</u>	<u>\$ 44,845</u>	<u>\$ 170,409</u>
Capital costs incurred directly by developers included in construction in progress and applicable offset to deferred revenue	<u>\$ 2,216,016</u>	<u>\$ 603,896</u>	<u>\$ 2,819,912</u>
Interfund transaction: Due (to)/from other fund	<u>\$(1,050,218)</u>	<u>\$ 1,050,218</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.



# **CITY OF BRUNSWICK, MARYLAND**

## **NOTES TO FINANCIAL STATEMENTS**

### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Financial Reporting Entity**

The financial statements of the City of Brunswick, Maryland, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board Codification Section 2100 have been considered and there are no agencies or entities which should be presented with the City.

The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The City follows GASB Statement No. 20 in applying GASB guidance to its proprietary activities and Financial Accounting Standards Board statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

#### **Government-wide and Fund financial statements**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The statement of net assets and the statement of activities report information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

# **CITY OF BRUNSWICK, MARYLAND**

## **NOTES TO FINANCIAL STATEMENTS**

### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements. The following is a brief description of the specific funds used by the City in fiscal year 2009:

#### **Governmental Fund Types**

General Fund -- This Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the City, (i.e., police, recreation, public works, general government, etc.). These activities are funded principally by property and income taxes on individuals and businesses, and grants from other governmental units.

Special Revenue Fund -- This fund accounts for the disposition of Federal Housing and Urban Development grant monies.

Capital Projects Fund -- This fund accounts for the purchase, construction or renovation of major general fixed assets over an extended period of time (other than those financed by the Proprietary Funds). While capital outlay accounts are used in each function reported in the General Fund, longer-term projects, those with mixed funding or projects of a large amount or spanning several fiscal years, are accounted for in this fund.

#### **Proprietary Fund Types**

Enterprise Funds -- Water and sewer services are accounted for in Enterprise Funds. The primary measurement focus is upon the determination of net income, financial position and cash flow. The generally accepted accounting principles are similar to those used in the private business sector.

#### **Measurement focus, basis of accounting, and financial statement presentation**

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental fund.

# **CITY OF BRUNSWICK, MARYLAND**

## **NOTES TO FINANCIAL STATEMENTS**

### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net assets are reported as restricted when constraints placed on net asset use are externally imposed by grantors or contributors. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when cash is received and when amounts to be received are both measurable and available. "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues as available if they are collected within 60 days after year-end.

Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Business type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **Cash, Cash Equivalents and Investments**

For purposes of the statement of cash flows, the City considers cash on hand, demand deposits and all highly liquid investments and debt instruments with maturities of three months or less from the date of acquisition to be cash and cash equivalents. Generally, cash resources of the individual funds are combined to form a pool of cash and investments; investments consist primarily of certificates of deposit and the Maryland Local Government Investment Pool (MLGIP). Investments are carried at market value in all funds. Investment income earned as a result of pooling is distributed to the appropriate funds based on the ending balance of cash and investments of each fund.

#### **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

# **CITY OF BRUNSWICK, MARYLAND**

## **NOTES TO FINANCIAL STATEMENTS**

### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Capital Assets**

Capital assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capitalization threshold for infrastructure has been established at \$10,000. Capital assets purchased or acquired are recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation of property and equipment is computed on the straight-line method for financial reporting purposes. Depreciation is provided for over the estimated useful lives of the assets.

Buildings	20 - 50 years
Improvements	10 - 50 years
Software	3 - 5 years
Vehicles	3 - 10 years
Machinery and equipment	3 - 10 years

#### **Budgets and Budgetary Accounting**

The budget document is a comprehensive financial plan showing all revenues and expenditures expected for the General Fund, Capital Projects Fund, Special Revenue Fund and the Proprietary Funds of the City. Budgets are adopted on an annual cycle for all funds, except the capital projects fund, which adopts a project-length budget on an annual basis.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. City officials request all departments to submit their proposed operating budgets for the fiscal year commencing the following July 1.
2. All budget requests are compiled by the Finance Committee, and after making departmental reviews of the requests, a recommended budget is presented to the Mayor and Council.
3. Public hearings are required by law to be scheduled by City officials with approval of the Mayor and Council.
4. Prior to the commencement of the fiscal year, the property tax rate is set and the budget is adopted.
5. Appropriations lapse at the end of the fiscal year (except in the Capital Projects Fund).
6. During the year, the Mayor and Council may amend the budget at a regularly scheduled public meeting.

# **CITY OF BRUNSWICK, MARYLAND**

## **NOTES TO FINANCIAL STATEMENTS**

### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

#### **Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees are entitled to receive payment for all unused vacation hours upon termination. Accumulated vacation is accrued when incurred in the government-wide and proprietary fund financial statements.

#### **Fund Balance**

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

#### **Interfund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

# CITY OF BRUNSWICK, MARYLAND

## NOTES TO FINANCIAL STATEMENTS

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

### (2) CASH, INVESTMENTS, AND EQUITY IN POOLED INVESTED CASH

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments exists when, in the event of the failure of the counterparty to a transaction, a government may be unable to recover the value of investment or collateral securities that are in the possession of an outside party. At year-end, the City's carrying amount of deposits was \$703,682, the bank balance was \$753,497 and cash on hand was \$850. Of the bank balance, \$510,554 was covered by the Federal Deposit Insurance Corporation and \$242,943 was covered by collateral held by the pledging financial institution's trust department in the City's name.

Investments held by the City are stated at fair value. Investments at June 30, 2009 include certificates of deposit. The carrying amount and bank balances were the same amount of \$557,778. This amount was covered by collateral held in the pledging bank's trust department or its agent. Also, the City had \$475,631 invested in the Maryland Local Government Investment Pool (MLGIP) which was fully collateralized at June 30, 2009.

The City's cash and investments as of June 30, 2009, as presented in the Statement of Net Assets reconciled to the City's deposits and investments, are as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 1,237,952	\$ 94,314	\$ 1,332,266
Restricted cash	333,251	72,398	405,649
	<u>\$ 1,571,203</u>	<u>\$ 166,712</u>	<u>\$ 1,737,915</u>

**CITY OF BRUNSWICK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**

**(2) CASH, INVESTMENTS, AND EQUITY IN POOLED INVESTED CASH (CONTINUED)**

	Governmental Activities	Business-Type Activities	Total
Cash on hand	\$ 850	\$ -	\$ 850
Deposits in banks	613,509	90,173	703,682
Certificates of deposit	481,213	76,539	557,752
Investment Pools (MLGIP)	475,631	-	475,631
	<u>\$ 1,571,203</u>	<u>\$ 166,712</u>	<u>\$ 1,737,915</u>

At June 30, 2009, the City had the following investments:

Investment Type (All funds)	Fair Value	Investment Maturities		% of Portfolio
		< 1 Year	1-5 Years	
Certificates of deposit	\$ 557,752	\$ 541,925	\$ 15,827	53.97%
Investment Pools (MLGIP)	475,631	475,631	-	46.03%
	<u>\$ 1,033,383</u>	<u>\$ 1,017,556</u>	<u>\$ 15,827</u>	<u>100.00%</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy is not explicit as to how interest rate risk is managed. The interest rate in the MLGIP fluctuates throughout the year. The applicable interest rate at June 30, 2009 was 0.38% for the MLGIP and between 1.00% and 3.493% for the certificates of deposit.

**Credit Risk**

Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The City shall invest only in the following types of securities, which are authorized by the State:

- Obligations of the U.S. governmental agencies
- Fully insured or collateralized certificate of deposits
- Repurchase agreements and reverse repurchase agreements not to exceed 360 days to stated maturity
- Bankers acceptances with the highest quality letter and numerical rating
- Municipal securities with the highest quality letter and numerical rating
- Money market mutual funds containing securities of the U.S. governmental agencies
- Local Government Investment Pool administered by the State Treasurer.

# **CITY OF BRUNSWICK, MARYLAND**

## **NOTES TO FINANCIAL STATEMENTS**

### **(2) CASH, INVESTMENTS, AND EQUITY IN POOLED INVESTED CASH (CONTINUED)**

The City's investment policy states that collateralization is required on certificates of deposit and repurchase agreements at 102% of the market value of principal and accrued interest.

The City's investments have received the following ratings by Standard & Poor's: Maryland Local Government Investment Pool (MLGIP) rated AAAm. There are no ratings on the certificates of deposit.

#### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer, not applicable to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools or other pooled investments. More than 5% of the City's portfolio is invested in debt instruments (certificates of deposit).

#### **Foreign Currency Risk**

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The City does not maintain cash or investments of foreign currency, thus there are no associated risks.

### **(3) DEFERRED REVENUE**

Deferred revenue arises in governmental funds when revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises, in both governmental and proprietary funds, when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. Deferred revenue in the governmental funds amounted to \$67,141 at June 30, 2009, which did not meet the criteria. Deferred revenue in the proprietary funds amounted to \$10,434,578 due to the government not having a legal claim to them.



# CITY OF BRUNSWICK, MARYLAND

## NOTES TO FINANCIAL STATEMENTS

### (4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2009</u>
Capital assets, not being depreciated					
Land and land improvements	\$ 34,634	\$ -	\$ -	\$ -	\$ 34,634
Construction in progress	352,188	667,409	-	(736,297)	283,300
Capital assets, being depreciated					
Infrastructure	960,058	-	-	117,330	1,077,388
Buildings	1,299,688	-	-	-	1,299,688
Improvements	490,336	-	-	417,567	907,903
Software	26,720	-	-	-	26,720
Vehicles	546,250	72,092	-	-	618,342
Machinery and equipment	340,938	25,069	-	201,400	567,407
Total capital assets being depreciated	<u>3,663,990</u>	<u>97,161</u>	<u>-</u>	<u>736,297</u>	<u>4,497,448</u>
Total accumulated depreciation	<u>1,327,134</u>	<u>192,088</u>	<u>-</u>	<u>-</u>	<u>1,519,222</u>
Total capital assets being depreciated, net	<u>2,336,856</u>	<u>(94,927)</u>	<u>-</u>	<u>736,297</u>	<u>2,978,226</u>
Governmental Activities capital assets, net	<u>\$ 2,723,678</u>	<u>\$ 572,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,296,160</u>

Depreciation expense was charged to functions/programs as follows:

#### **Governmental activities**

General government	\$ 57,946
Public works	54,500
Public safety	38,804
Parks and recreation	40,838
Total depreciation expense – Governmental activities	<u>\$ 192,088</u>

# CITY OF BRUNSWICK, MARYLAND

## NOTES TO FINANCIAL STATEMENTS

### (4) CAPITAL ASSETS (CONTINUED)

<u>Business-type Activities</u>	Balance July 1, 2008	Additions/ Transfers	Disposals/ Transfers	Balance June 30, 2009
Capital assets, not being depreciated				
Land and land improvements	\$ 28,068	\$ -	\$ -	\$ 28,068
Construction in progress	<u>19,453,413</u>	<u>3,630,356</u>	<u>(1,076,120)</u>	<u>22,007,648</u>
Total capital assets, not being depreciated	<u>19,481,481</u>	<u>3,630,356</u>	<u>(1,076,120)</u>	<u>22,035,716</u>
Capital assets, being depreciated				
Buildings and improvements	9,043,357	12,691	-	9,056,048
Infrastructure	2,793,008	581,123	-	3,374,131
Machinery and equipment	1,052,335	34,676	-	1,087,011
Vehicles	<u>98,948</u>	<u>25,825</u>	<u>-</u>	<u>124,773</u>
Total capital assets being depreciated	12,987,648	654,315	-	13,641,963
Total accumulated depreciation	<u>6,877,554</u>	<u>449,739</u>	<u>-</u>	<u>7,327,293</u>
Total capital assets being depreciated, net	<u>6,110,094</u>	<u>204,576</u>	<u>-</u>	<u>6,314,670</u>
Business-type Activities capital assets, net	<u>\$ 25,591,575</u>	<u>\$ 3,834,931</u>	<u>\$ (1,076,120)</u>	<u>\$ 28,350,386</u>

Depreciation expense was charged to functions/programs as follows:

#### Business-Type activities

Water	\$ 186,806
Sewer	<u>262,933</u>
Total depreciation expense – Business-Type activities	<u>\$ 449,739</u>

### (5) LONG-TERM DEBT

Debt outstanding at June 30, 2009 is as follows:

<u>Governmental Activities Debt</u>	<u>Rate</u>	<u>Amount</u>
Maryland Department of the Environment; Due 2019; Annual principal and interest payments of approximately \$15,000	1.10%	\$ 138,110
2007 BB&T Vehicle Lease; Due 2010; Annual principal and interest payments of approximately \$18,500	4.19%	18,843
2009 BB&T Vehicle Lease; Due 2012; Annual principal and interest payments of approximately \$24,000	3.47%	<u>67,175</u>
Total Governmental Activities Debt		<u>\$ 224,128</u>

**CITY OF BRUNSWICK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**

**(5) LONG-TERM DEBT (CONTINUED)**

<b>Enterprise Debt</b>	<b>Rate</b>	<b>Amount</b>
Department of Housing and Community Development Infrastructure Financing Program 1998 Series B; Due 2019; Annual principal and interest payments of approximately \$79,000	4.05 - 5.09%	\$ 603,000
Water Quality Bond Series 1996 payable to the Maryland Water Quality Financing Administration; Due 2016; Annual principal and interest payments of approximately \$86,000	4.19%	446,775
Water System Bonds of 1993 payable to Farmers Home Administration; Due 2033; Annual principal and interest payments of approximately \$80,000	5.25%	-
Community Development Administration Infrastructure Financing Bonds 1997 Series A; Due 2012; Annual principal and interest payments of approximately \$76,000	5.35%	206,379
Water Quality Bond Series 2004 payable to the Maryland Water Quality Financing Administration; Due 2024; Annual principal and interest payments of approximately \$27,000	0.40%	398,789
Reservoir Bond payable to the Maryland Water Quality Financing Administration; Due 2013; Annual principal and interest payments of approximately \$25,000	1.10%	159,098
Series 2008 Infrastructure Refunding Bond; Due 2033; Annual principal and interest payments of approximately \$73,000	3.78%	1,139,619
BB&T 2009 Vehicle Loan; Due 2012; Annual principal and interest payments of approximately \$9,000	3.47%	<u>25,825</u>
<b>Total Enterprise Fund Debt</b>		<b><u>\$ 2,979,485</u></b>

# CITY OF BRUNSWICK, MARYLAND

## NOTES TO FINANCIAL STATEMENTS

### (5) LONG-TERM DEBT (CONTINUED)

Debt service payment requirements are as follows:

	Enterprise		General Government	
	Principal	Interest	Principal	Interest
2010	\$ 247,374	\$ 120,484	\$ 54,814	\$ 5,385
2011	255,735	110,926	36,879	3,687
2012	269,519	100,073	37,816	2,751
2013	197,142	88,681	14,817	1,786
2014	203,397	80,711	14,980	1,623
2015-2019	887,547	272,532	64,823	5,606
2020-2024	369,984	139,437	-	-
2025-2029	282,170	83,180	-	-
2030-2034	266,617	25,662	-	-

#### Interest expense

For the year ended June 30, 2009, total interest payments were \$141,231 and reported as follows: interest expense of \$7,490 for governmental activities and \$133,741 for business-type activities.

#### Changes in Long-Term Liabilities

During the year ended June 30, 2009, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental activities:</b>				
Bonds payable	\$ 152,292	\$ -	\$ 14,182	\$ 138,110
Loans payable	101,689	67,175	82,846	86,018
Governmental activities - Long-term liabilities	<u>\$ 253,981</u>	<u>\$ 67,175</u>	<u>\$ 97,028</u>	<u>\$ 224,128</u>
<b>Business-type activities:</b>				
Bonds payable	\$ 3,024,015	\$ 1,254,027	\$ 1,324,382	\$ 2,953,660
Loans payable	-	25,825	-	25,825
Business-type activities - Long-term liabilities	<u>\$ 3,024,015</u>	<u>\$ 1,279,852</u>	<u>\$ 1,324,382</u>	<u>\$ 2,979,485</u>

# **CITY OF BRUNSWICK, MARYLAND**

## **NOTES TO FINANCIAL STATEMENTS**

### **(5) LONG-TERM DEBT (CONTINUED)**

During fiscal year 2007, the City issued \$36,310,000 in Special Obligation Bonds for the Brunswick Crossing Special Tax District. The bonds are not a liability to the City nor are they backed by the full faith and credit of the City. The City by Ordinance created a special tax district whereby a special tax will be levied by the City on real property located within the Special Tax District. The special taxes are expected to be levied in subsequent years.

During fiscal year 2009, the City issued \$1,153,453 of infrastructure refunding bonds with an interest rate of 3.78%. These refunding bonds were issued to advance refund and defease the Water System Bond of 1993. The refunding resulted in an economic gain of \$108,786 with a total savings of \$176,478.

### **(6) COMMITMENTS AND CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although it is believed by management that such disallowances will be immaterial.

### **(7) EMPLOYEE BENEFITS**

All full-time employees of the City are provided retirement benefits through the Employee Pension System of the State of Maryland ("Pension System"). During fiscal year 1980, the State changed from the Retirement System to the Pension System for new employees. Employees hired before December 31, 1979 had the option of remaining in the Retirement System or joining the Pension System on July 1st of each year. There were no employees that opted for the Retirement System and, therefore, only the Pension System is used.

The Pension System is a defined-benefit plan and multiple employer system. The plan involves state-wide participation of employees from numerous other state and local governmental units. The system is administered by the Maryland State Retirement Agency pursuant to the Annotated Code of Maryland.

Under the Pension System, members may retire after 30 years of service or the attainment of age 62 with five years of service, age 63 with four years of service, age 64 with three years of service or age 65 or over with two years of service. Effective November 1999, the City began participation in the State of Maryland's Contributory Pension System, an amendment of the Pension System. The employees are required to contribute 3% of their base salaries. The revised plan also receives an employer contribution from the City. All current and future permanent employees will participate in this plan. The total contributions from the employees for the fiscal year ended June 30, 2009 were \$ 90,415. The benefit formula changed as a result of the revisions to provide benefits based on service before and after June 30, 1998.

# **CITY OF BRUNSWICK, MARYLAND**

## **NOTES TO FINANCIAL STATEMENTS**

### **(7) EMPLOYEE BENEFITS (CONTINUED)**

The City is required to contribute all amounts necessary for the Pension System. The City's contribution requirement for the year ended June 30, 2009 was \$139,348. The City received a credit of \$47,818, which was used to offset the required contribution; the total payment made was \$91,530.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Systems and employers

Ten-year historical trend information showing the Systems' progress in accumulating sufficient assets to pay benefits when due is presented in the Maryland State Retirement and Pension Systems' June 30, 2009 Comprehensive Annual Report, the latest report available. The Maryland State Retirement and Pension Systems issue a comprehensive annual financial report. The report can be obtained from the agency's offices at:

Maryland State Retirement and Pension Systems  
120 East Baltimore Street  
Baltimore, Maryland 21202

### **(8) GRANTS FROM GOVERNMENTAL UNITS**

Federal and state governmental units represent an important source of supplementary funding used to finance construction, maintenance, employment programs, and other activities beneficial to the community. The grants received by the City specify the purpose for which the grant funds are to be used, and such grants are subject to audit by the granting agency or its representative. For the year ended June 30, 2009, the City's federal grant expenditures did not exceed \$500,000; therefore, they are not subject to the Single Audit Act.

### **(9) PROPERTY TAXES**

The City's property taxes are levied each July 1 at rates enacted by the Mayor and Council on the total assessed value as determined by the Maryland State Department of Assessments and Taxation.

Property taxes become delinquent on October 1. Interest accrues at 1% monthly for delinquent property taxes. Tax liens on real property are sold at public auction the second Monday in May on taxes delinquent since October 1 of the current fiscal year. Total assessed value on which levies were made for the year ended June 30, 2009 was \$439,623,945. The property tax rate was \$.422 per \$100 of assessed value.

# **CITY OF BRUNSWICK, MARYLAND**

## **NOTES TO FINANCIAL STATEMENTS**

### **(10) RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's general liability risks are financed through the City's participation in the Local Government Insurance Trust (LGIT). The City pays an annual premium to LGIT for its general insurance coverage. The City has coverage of \$1,000,000 for each occurrence under commercial general liability and automobile liability. The annual aggregate limit is \$2,000,000 under the commercial policy and is the most the Trust will pay under the City's agreement. In addition, the City carries property insurance limited to \$15,548,279. The City continues to carry commercial insurance for employee health, accident insurance and workers compensation. Settled claims resulting from these risks have not exceeded insurance coverage, and no significant reductions in insurance coverage have occurred in any of the past three fiscal years.

### **(11) PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued a pronouncement that has an effective date in the future that may impact future financial presentation.

Management has not currently determined what, if any, effect implementation of the following statements may have on the financial statements of the Town:

- GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," issued June, 2007. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

# CITY OF BRUNSWICK, MARYLAND

## NOTES TO FINANCIAL STATEMENTS

### (12) SEGMENT INFORMATION – ENTERPRISE FUNDS

The City maintains two enterprise funds which provide a variety of public services. Selected financial information for business segments of enterprise funds for the year ended June 30, 2009 is presented as follows:

	Water Fund	Sewer Fund	Total
Total Assets	\$ 8,939,426	\$ 21,599,491	\$ 30,538,917
Current assets	387,478	1,744,229	2,131,707
Capital assets, net	8,495,124	19,855,262	28,350,386
Non-current assets	56,824	-	56,824
Total Liabilities	7,625,121	7,661,695	15,286,816
Current liabilities	1,650,231	555,017	2,205,248
Long-term obligations	5,974,890	7,106,678	13,081,568
Total Net Assets	1,314,305	13,937,796	15,252,101
Unrestricted	(5,675,723)	(4,443,077)	(10,118,800)
Invested in capital assets, net	6,990,028	18,380,873	25,370,901
Operating revenues	1,084,315	1,070,147	2,154,462
Operating expenses	804,051	852,932	1,656,983
Depreciation expense	186,806	262,933	449,739
Operating income (loss)	93,458	(45,718)	47,740
Non-operating revenues (expenses)	(45,331)	(40,695)	(86,026)
Capital contributions and grants	-	28,208	28,208
Change in net assets	48,127	(58,205)	(10,078)
Net assets, beginning of year	1,266,178	13,996,001	15,262,179
Net assets, end of year	1,314,305	13,937,796	15,252,101
Net cash provided by (used in):			
Operating activities	125,564	44,845	170,409
Capital and related financing activities	(284,214)	(176,766)	(460,980)
Investing activities	132	2,195	2,327
Cash and cash equivalents, beginning of year	117,753	337,202	454,955
Cash and cash equivalents, end of year	(40,765)	207,477	166,712



# CITY OF BRUNSWICK, MARYLAND

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

### BUDGET AND ACTUAL

#### GENERAL FUND

GENERAL FUND				Variance with
	Budget		(Budgetary	Final Budget-
	Original	Final	Basis)	Positive
For the year ended June 30, 2009			Actual	(Negative)
REVENUES				
Local Property Taxes	\$1,861,000	\$1,861,000	\$1,852,435	\$ (8,565)
Local Income Taxes	387,100	485,107	491,816	6,709
Other Local Taxes	38,150	38,150	35,715	(2,435)
Licenses and Permits	55,500	55,500	47,599	(7,901)
Intergovernmental Revenues	888,566	849,340	849,721	381
Service Charges				
Highways and streets	24,100	24,100	25,362	1,262
General government charges	79,250	25,436	21,044	(4,392)
Recreation charges	103,920	103,920	95,747	(8,173)
Tipping fees - landfill charge	176,700	176,700	173,109	(3,591)
Total Service Charges	383,970	330,156	315,262	(14,894)
Fines and Forfeitures	10,100	10,100	12,755	2,655
Miscellaneous Revenues	191,483	191,483	197,873	6,390
Total Revenues	\$3,815,869	\$3,820,836	\$3,803,176	\$ (17,660)

The accompanying notes are an integral part of this schedule.

# CITY OF BRUNSWICK, MARYLAND

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

### BUDGET AND ACTUAL

#### GENERAL FUND

GENERAL FUND			(Budgetary Basis)	Variance with Final Budget-Positive (Negative)
For the year ended June 30, 2009	Budget		Actual	
	Original	Final		
EXPENSES				
General Government				
Mayor & Council	\$ 59,928	\$ 59,928	\$ 58,795	\$ 1,133
Elections	3,600	3,600	1,888	1,712
Planning, Zoning & Enforcement	176,136	184,186	164,739	19,447
Financial Administration	547,444	454,889	465,019	(10,130)
Legal	80,000	117,881	117,881	0
Total General Government	867,108	820,484	808,322	12,162
Public Safety				
Police Department	828,431	828,431	745,793	82,638
Fire and Rescue Contributions	20,000	20,000	20,000	-
Total Public Safety	848,431	848,431	765,793	82,638
Public Works				
Highways and Streets	1,028,386	1,019,851	975,170	44,681
Sanitation and Waste Removal	341,000	341,000	332,377	8,623
Total Public Works	1,369,386	1,360,851	1,307,547	53,304
Recreation and Culture				
Parks	31,700	31,700	19,419	12,281
Swimming Pool	88,601	88,601	67,894	20,707
Campground	43,728	43,728	44,503	(775)
Skateboard Park	20,656	20,656	12,330	8,326
Special Events	113,827	113,827	110,023	3,804
Total Recreation and Culture	298,512	298,512	254,169	44,343
Economic Development				
Economic Development Commission	5,000	5,000	4,166	834
Total Economic Development	5,000	5,000	4,166	834

The accompanying notes are an integral part of this schedule.

# CITY OF BRUNSWICK, MARYLAND

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

### BUDGET AND ACTUAL

#### GENERAL FUND

For the year ended June 30, 2009	Budget		(Budgetary Basis) Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Other</b>				
Contributions	\$ 24,500	\$ 24,500	\$ 19,329	\$ 5,171
Miscellaneous	-	-	137	(137)
<b>Total Other</b>	<b>24,500</b>	<b>24,500</b>	<b>19,466</b>	<b>5,034</b>
<b>Debt Service</b>	<b>80,594</b>	<b>104,520</b>	<b>104,519</b>	<b>1</b>
<b>Other Financing Sources (Uses)</b>				
Loan proceeds	62,000	62,000	67,175	5,175
Transfer to Capital Projects	(384,333)	(420,533)	(420,533)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(322,333)</b>	<b>(358,533)</b>	<b>(353,358)</b>	<b>5,175</b>
<b>Total expenses and other financing sources</b>	<b>3,815,864</b>	<b>3,820,831</b>	<b>3,617,340</b>	<b>203,491</b>
<b>Net Change in fund balance</b>	<b>\$ 5</b>	<b>\$ 5</b>	<b>\$ 185,836</b>	<b>\$ 185,831</b>

The accompanying notes are an integral part of this schedule.